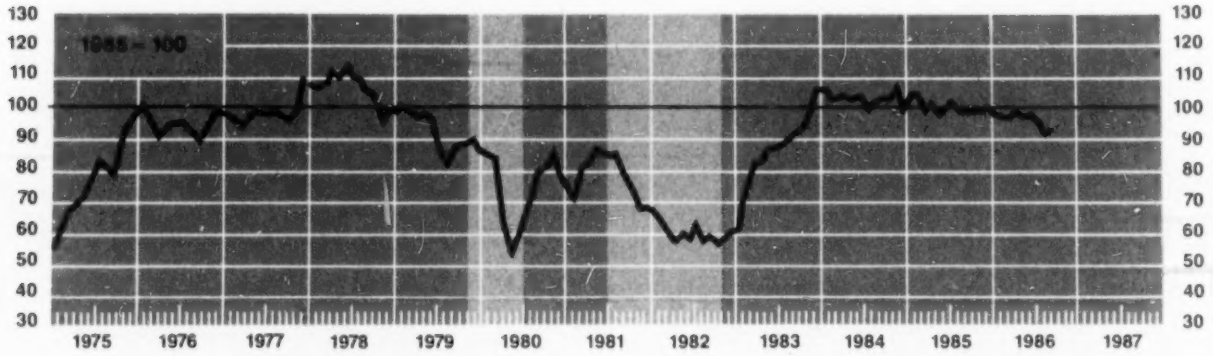
11/4/86 R4105-4A

Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

October, 1986



CONSUMERS SLIGHTLY MORE CONFIDENT PLANS TO BUY CONTINUE MIXED

The level of consumer optimism, which sagged during the summer months, rose moderately in September. The Board's Consumer Confidence Index (1985 = 100) now stands at 92.9, a gain of slightly more than 2 points for the month. Plans to buy cars and homes are up; interest in major appliances has weakened.

The improvement in consumer confidence in September reflects a more positive assessment of the ongoing situation. More people now believe business conditions are "good", and more report that jobs are "plentiful" than in last month's survey. However, it should be noted that about a third of all respondents still complain that jobs are hard to get. This figure has not changed much in recent months.

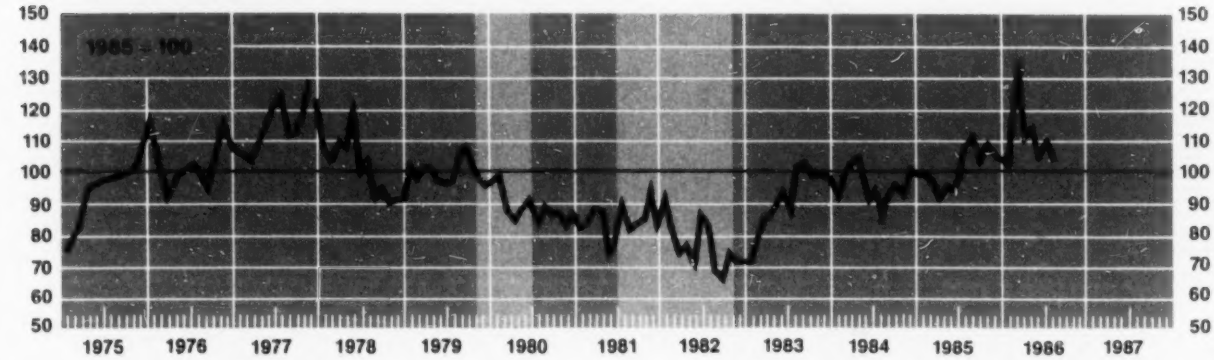
In looking ahead to the next six months, consumer opinion has also, on balance, remained unchanged. Slightly more people than in the previous probe now expect business conditions to improve, and there has also been a modest rise in those who expect more jobs to become available. However, on the question concerning their own financial outlook, fewer people than last time now expect their incomes to increase in the immediate period ahead.

Intentions to buy cars were expressed by 8.8% of all those contacted in the survey. Roughly this level of interest has prevailed for the past three months, supported—in part at least—by extensive promotions in the industry. Intentions to buy a home were indicated by 4.2% of those contacted—a marginal gain for the month. Appliance purchase plans, which were up strongly in August, gave back all of the gain in September.

Signals from the consumer continue to be indecisive. The level of confidence remained fairly steady and reasonably strong through the first half of the year, but more recently it has registered somewhat disconcerting losses. The decline in optimism leveled off last month, but the improvment is still too recent and too modest to be entirely reassuring. However, based on the recent consumer confidence readings, it does not seem probable that economic activity in the final quarter of the year will be much different from that experienced in the preceding months. But there is also no indication that we are drifting into recession.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1985 Sept.	Oct.	Nov.	Dec.	1986 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.(r)	Sept.(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	98.9	99.3	98.7	99.8	97.8	96.9	96.9	99.0	97.2	97.2	95.5	90.6	92.9
Present Situation	97.4	100.6	99.7	101.3	100.4	97.8	95.0	100.7	100.2	97.6	96.0	87.6	92.7
Expectations	99.8	98.4	98.1	98.8	96.0	96.3	98.1	97.8	95.2	97.0	95.2	92.6	92.9
Buying Plans Index	107.3	110.3	101.2	108.8	105.6	103.9	101.9	135.3	108.9	114.4	103.7	109.7	103.8
Appraisal of Present Situation: Percent													
Business Conditions													
Good	26.6	28.2	27.4	28.7	27.3	26.4	26.5	29.5	28.4	28.4	25.7	22.7	25.6
Bad	21.8	21.4	21.3	21.0	21.8	21.8	22.9	23.1	22.6	23.4	23.8	25.7	27.2
Normal	51.6	50.4	51.3	50.3	50.9	51.8	50.6	47.4	49.0	48.2	50.5	51.6	47.2
Employment													
Jobs plentiful	19.6	19.8	19.5	19.7	19.6	18.8	19.6	20.4	20.6	19.8	20.7	19.1	20.9
Jobs not so plentiful	48.2	49.3	49.6	49.6	50.7	50.8	46.8	48.4	47.9	48.0	46.5	46.5	45.7
Jobs hard to get	32.2	30.9	30.9	30.7	29.7	30.4	33.6	31.2	31.5	32.2	32.8	34.4	33.4
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.8	22.0	19.9	19.7	18.1	18.4	20.6	22.8	20.0	20.9	19.9	19.9	20.4
Worse	8.9	10.8	9.1	8.5	8.7	8.4	9.1	11.3	10.0	9.4	10.4	10.5	10.2
Same	70.3	67.2	71.0	71.8	73.2	73.2	70.3	65.9	70.0	69.7	69.7	69.6	69.4
Employment													
More jobs	16.1	16.7	15.2	15.5	13.6	14.2	15.8	17.2	15.4	16.9	16.1	15.9	16.6
Fewer jobs	16.7	16.7	17.3	16.1	16.8	16.8	17.7	19.5	18.7	18.8	18.8	19.8	19.3
Same	67.2	66.6	67.5	68.4	69.6	69.0	66.5	63.3	65.9	64.3	65.1	64.3	64.1
Income													
Increase	28.0	27.4	29.8	26.7	28.2	26.6	25.8	30.7	27.3	26.9	26.8	25.8	24.1
Decrease	8.0	8.3	7.9	8.4	7.7	8.2	7.4	7.5	8.2	8.8	8.1	9.4	10.2
Same	64.0	64.3	62.3	64.9	64.1	65.2	66.8	61.8	64.5	64.3	65.1	64.8	65.7
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	10.6	8.9	9.1	10.2	9.0	8.8	8.9	11.4	9.6	9.6	8.9	8.7	8.8
New	6.0	5.1	5.3	5.4	5.1	4.4	4.7	5.9	5.8	5.3	4.9	5.1	5.3
Used	3.1	2.9	2.8	3.3	2.9	2.8	3.0	3.9	2.7	3.9	3.2	2.9	2.3
Uncertain	1.5	0.9	1.0	1.5	1.0	1.6	1.2	1.6	1.1	0.4	0.8	0.7	1.2
Home													
Yes	3.4	3.6	3.8	3.9	3.7	4.2	4.1	5.0	4.8	4.7	4.4	4.0	4.2
New	1.0	1.1	0.8	0.9	1.3	1.0	1.3	1.4	1.2	1.3	1.0	1.4	1.1
Lived in	1.6	1.7	1.9	2.1	2.0	2.0	2.1	2.2	2.1	2.1	2.3	1.9	2.2
Uncertain	0.8	0.8	1.1	0.9	0.4	1.2	0.7	1.4	1.5	1.3	1.1	0.7	0.9
Major appliances													
Total plans	28.4	35.9	28.5	29.8	34.5	30.2	27.8	43.4	28.6	28.2	27.6	33.1	27.3
Refrigerator	3.7	5.1	3.9	4.4	5.8	4.3	3.9	6.5	3.9	4.2	4.4	5.3	3.8
Washing machine	3.9	6.2	3.7	3.8	4.9	4.3	4.1	7.2	4.1	3.8	4.3	4.9	3.8
TV Set	8.2	10.7	8.8	9.2	9.8	9.2	8.3	13.5	7.6	7.1	7.3	7.7	7.1
Vacuum Cleaner	5.0	5.1	5.1	4.9	5.7	4.4	4.9	5.7	5.4	4.8	3.8	5.5	4.5
Range	2.7	3.2	2.7	3.0	3.0	2.5	2.0	3.8	2.8	2.9	2.7	3.3	3.1
Clothes dryer	3.4	4.1	2.9	3.1	3.8	3.4	3.5	5.0	3.4	3.4	3.5	3.6	3.5
Air conditioner	1.5	1.5	1.4	1.4	1.5	2.1	1.1	1.7	1.4	2.0	1.6	2.8	1.5
Carpet	7.0	8.7	6.7	6.6	7.3	6.9	7.0	9.1	6.6	8.0	6.5	7.5	6.8
Vacation Intended Within Six Months: Percent													
Vacation Intended		49.2		44.7		47.0		51.2		51.6		50.3	
Destination													
Home state		8.8		8.0		9.2		10.9		11.7		11.1	
Other state		35.4		32.2		31.9		35.5		36.1		35.4	
Foreign country		6.0		5.9		7.4		7.1		5.4		6.0	
Means of travel													
Automobile		29.8		26.1		28.2		31.4		33.8		31.4	
Airplane		18.3		18.3		18.1		20.4		18.1		19.4	
Other		3.8		4.5		5.0		4.6		3.9		3.8	

(p)—preliminary (r)—revised

ATTENTION PC USERS: All Data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.